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Colleen Ryan, Supervisor
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 Arizona Corporation Commission
 1200 W. Washington
 Phoenix, AZ 85007

Re: Docket Nos. E-00000A-02-0051; E-01345A-01-0822; E-00000A-01-0630; E-01933A-02-0069

In the matter of Application of Tucson Electric Co., et. al

Dear Ms. Ryan:

Enclosed for filing in the above-captioned proceeding are the original and nineteen (19) copies of the Summary of the Testimony of E. Douglas Mitchell on Behalf of Sempra Energy Resources and an original and nineteen (19) copies of the Notice of Filing of Testimony. Also enclosed are two additional copies of each document to be conformed and returned to our office.

Please let me know if you have any questions, and thank you for your assistance.

Sincerely,

Lawrence V. Robertson, Jr.

LVR:cl
 enclosures

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BEFORE THE ARIZONA CORPORATION COMMISSION
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Commissioner
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IN THE MATTER OF THE GENERIC
PROCEEDINGS CONCERNING
ELECTRIC RESTRUCTURING ISSUES.

Docket No. E-00000A-02-0051

IN THE MATTER OF ARIZONA PUBLIC
SERVICE COMPANY'S REQUEST FOR
A VARIANCE OF CERTAIN
REQUIREMENTS OF A.A.C. R14-22-1606.

Docket No. E-01345A-01-0822

IN THE MATTER OF THE GENERIC
PROCEEDING CONCERNING THE
ARIZONA INDEPENDENT
SCHEDULING ADMINISTRATOR.

Docket No. E-00000A-01-0630

IN THE MATTER OF TUCSON
ELECTRIC POWER COMPANY'S
APPLICATION FOR A VARIANCE OF
CERTAIN ELECTRIC COMPETITION
RULES COMPLIANCE DATES.

Docket No. E-01933A-02-0069

SUMMARY OF THE TESTIMONY OF

E. DOUGLAS MITCHELL

**ON BEHALF OF
SEMPRA ENERGY RESOURCES**

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2
3 According to Staff's October 25, 2002 Report on Track B: Competitive Solicitation, and
4 the Commission's Order No. 65154, the amount of capacity acquired through competitive
5 solicitation should be a minimum of each IOU's forecasted unmet need for at least the next three
6 years. Sound resource planning suggests that the maximum level of capacity acquired should be
7 limited only by economic considerations. In other words, the utilities should expand their
8 proposed solicitations to include the competitive procurement of energy when it is available on
9 the open market at a price lower than the utility's cost to generate its own power. There are
10 many indicators that suggest now is a particularly good time for a competitive solicitation, from
11 the perspective of consumers, and the solicitation should be designed and implemented in such a
12 way as to maximize the consumer benefits.

13 Staff's proposal for bid evaluation, however, does not go far enough in specifying what is
14 needed to produce optimum results. The one and only way to determine the value of an offer is
15 to evaluate it within the context of the fully integrated generation operating system. This
16 includes the dual considerations of: (1) providing reliable power, and (2) achieving the lowest
17 cost possible. Evaluating these dual considerations also requires a solicitation for more than just
18 the three types of products specified by Arizona Public Service. It also includes an analysis of
19 price risk and volatility risk. Modifying the evaluation process to produce optimum results
20 would require a longer time (approximately six weeks total) for implementation of the
21 solicitation than the proposed schedule allows.

22
23 Over-reliance on economy energy purchases to meet energy demand seems a particularly
24 bad idea, especially when so much new generation will be available to sell into Arizona markets
25 in the next few years.
26
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28

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1 Respectfully submitted this 20th day of November, 2002.

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7 and

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12 Attorneys for Sempra Energy Resources

13 Copy of the Summary of the Testimony
14 of E. Douglas Mitchell was filed
15 this 20th day of November, 2002
16 with:

17 Docket Control
18 Arizona Corporation Commission
19 1200 West Washington Street
20 Phoenix, Arizona 85007

21 **COPY delivered via email this 20th day of**
22 **November, 2002 to:**

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24 Chief Administrative Law Judge
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27 Phoenix, Arizona

28 Chris Kempley
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